

# **Water Pollution Control Loan Program**

## **Draft 2017 Intended Use Plan**

**June 30, 2017**



**Illinois EPA**

**Bureau of Water**

**Infrastructure Financial Assistance Section**

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## **I. Introduction**

Illinois Environmental Protection Agency (EPA) was created on July 1, 1970. It combined the State Sanitation Board and parts of Illinois Department of Public Health. Illinois EPA's central office is located in Springfield, and nine regional offices and one laboratory manage the Agency's programs throughout the State. The Director of Illinois EPA is appointed by the Governor and serves as a Cabinet Member.

Illinois EPA establishes and enforces standards for air, water, waste management, and cleanup of sites contaminated with hazardous substances. Illinois EPA also provides:

- Financial assistance to businesses and communities;
- Environmental education programs for businesses and the public; and
- Pollution prevention assistance to help businesses minimize their waste at the source.

The 2017 Water Pollution Control Loan Program (WPCLP) Intended Use Plan (IUP) describes how the Illinois EPA proposes to prioritize projects, distribute funds, and administer the WPCLP during State Fiscal Year (FY) 2017. Upon approval by the Director of Illinois EPA as a final action, the 2017 WPCLP IUP will replace the 2016 IUP and will remain in effect until it is terminated or superseded by the next IUP.

### **A. Public Participation** *(to be updated upon finalization)*

The Draft 2017 IUP was released for public review on (date of release), thus beginning the public comment period. Illinois EPA's responses to comments and questions received during the public review period, and any changes that will be made to the IUP as a result of public comments, will be in Appendix I.

### **B. Benefits of the WPCLP**

The WPCLP is a revolving fund designed to operate in perpetuity to provide low interest rate loans and other forms of assistance for water resource protection and improvement projects. In addition, specialized services are provided for small and hardship communities.

Examples of projects that can be financed through the WPCLP are:

- 1) Publicly-owned wastewater treatment plant and sanitary sewer system construction projects, combined sewer overflow controls, sewer system rehabilitation and correction of infiltration/inflow; and
- 2) Publicly-owned septage receiving facilities, urban storm water runoff, stream corridor restoration, forestry best management practices (BMPs), development BMPs, agricultural runoff controls, "green" infrastructure, and other nonpoint source (NPS) pollution control projects as allowed under the Clean Water Act (CWA) Section 319(h) and Illinois EPA's NPS Management Program.

Using the WPCLP to fund water resource improvement projects has many advantages, including:

- 1) Below-market rates provide significant cost savings. The fixed loan rate is defined by rule as one-half the mean interest rate of the 20 General Obligation Bond Buyer Index, from July 1 through June 30 of the preceding State fiscal year, rounded to the nearest .01%.
- 2) Illinois EPA staff has extensive experience providing advice and assistance in identifying sound technical and financial solutions to local governments. The types of assistance include guidance on the creation of a Facilities Plan, reviewing projects for potential cost saving measures, providing technological, administrative and/or performance information, helping to develop user charge systems, and working with other funding programs.
- 3) The WPCLP can fund a wide variety of water pollution control projects.
- 4) Although the WPCLP must follow certain Federal and State requirements, it is a State program. Project procedures and funding requirements are streamlined since the program is administered completely by State personnel.
- 5) The WPCLP, through its discount incentives, procedures, and project assistance, is able to be more than just a funding program. It helps provide applicants greater assurance that their projects will be economically sound, technically appropriate, and environmentally effective.
- 6) The WPCLP can benefit small communities throughout Illinois.

### **C. Noteworthy Items of the WPCLP IUP in State Fiscal Year 2017**

#### **1) Available Funds**

The total available funds for State FY2017 are estimated to be \$386,622,527. In order to meet the demand for assistance during State FY2017 and beyond, the Illinois EPA intends to borrow against the WPCLP's loan repayments by issuing revenue bonds. The total requested amount on the PPL is \$1.325 billion, although the actual amount which will be awarded will be based on readiness-to-proceed.

#### **2) Limits to Borrowers**

As in the last few State FYs, there is no maximum amount that applicants can request.

#### **3) New Affordability Criteria and Principal Forgiveness**

Principal forgiveness may be provided to eligible recipients under both the terms and conditions of the Capitalization Grant and under the provisions of the CWA, as modified by the Water Resources Reform and Development Act (WRRDA). Under the terms and conditions of the 2016 Capitalization Grant the WPCLP is required to use 10% of its funds available from the Capitalization Grant to provide principal forgiveness to eligible recipients. As set forth in the CWA, as modified by WRRDA, the WPCLP may provide an additional range of 0% to 30% of its current Capitalization Grant as principal forgiveness using affordability criteria adopted in the Loan Rules.

The goal of providing principal forgiveness to WPCLP projects is to help the Illinois communities and homeowners that are least able to afford public health/water quality improvements. The objective of the WPCLP principal forgiveness subsidy is to help make these necessary projects more affordable. The newly-developed, Federally-mandated "affordability

criteria” will be the primary determiner of the WPCLP applicants that are eligible for principal forgiveness. The affordability criteria adopted effective April 1, 2016, and the affordability criteria currently going through the Loan Rules modification process are detailed in Appendix G.

#### 4) Environmental Impact Discount

As part of the current Loan Rules modification, Illinois plans to offer an Environmental Impact Discount on the loan agreement interest rate. It is anticipated that the Environmental Impact Discount rate will become effective in State FY2018, beginning July 1, 2017. As proposed, the Environmental Impact Discount would apply when at least 50% of the eligible project costs fund any of the following components, the loan applicant shall receive a 0.2% discount on the interest rate of their loan:

- a) New projects for the collection or treatment of unsewered communities;
- b) Projects involving nutrient removal or nutrient loss reduction;
- c) Green infrastructure projects;
- d) Projects lowering water demand; or
- e) Projects reducing energy demands associated with the treatment and delivery of wastewater.

## **II. Goals and Objectives for the WPCLP**

### **A. Short-Term Goals**

- 1) Provide funding to as many eligible projects as possible, to the extent that applications are completed and funds are available.
- 2) Focus financial assistance for projects necessary to achieve or maintain compliance.
- 3) Continue to provide support for projects, or project components, focused on “green infrastructure, water or energy efficiency improvements or other environmentally innovative activities”.
- 4) Manage a program that provides applicants with a streamlined approach to financing wastewater treatment works and other eligible projects.
- 5) Continue implementation of tiered interest rates which will provide discounted financing to small and economically disadvantaged communities, the potential for restructuring of loans when necessary to small and economically disadvantaged communities, and interest rate discounts for projects which address environmental priorities of the Illinois EPA.

### **B. Long-Term Goals**

- 1) Assist a broad range of water quality improvement actions that help fulfill the objective of the Clean Water Act.
- 2) Facilitate the development and implementation of technically appropriate and financially sustainable projects by small communities.
- 3) Continue to proactively develop assistance opportunities to encourage implementation of priority water quality improvement projects and Agency priorities.

- 4) Manage the Fund to ensure appropriate levels of financing and adequate funds to administer the program are available.
- 5) Increase the environmental benefits achieved through Guidelines for Enhancing Public Awareness of State Revolving Fund (SRF) Assistance Agreements for WPCLP-funded activities (signage requirement).
- 6) Continue to assist in the development and implementation of innovative and non-traditional projects that benefit water quality resources.

### **III. Intended Uses of the WPCLP for 2017**

#### **A. WPCLP Funds**

##### **1) Sources and Amounts of 2017 Funds**

Illinois EPA will make up to \$1.325 billion available for funding in State FY2017. Based on WPCLP balances as of June 30, 2017, the total funds available at the beginning of State FY2017 are estimated to be \$225,942,658 (Total Available Funds less Additional Bond Funds) as detailed in the table below.

If additional funds for State FY2017 are required to meet the demand for assistance during State FY2017, these funds will be acquired by issuing WPCLP revenue bonds. The Illinois EPA hired Public Financial Management, Inc. to calculate the leveraging capacity, and an average annual funding level that the Illinois WPCLP could maintain for the next 20 years and maintain its perpetuity requirements. Based on the findings of this report, Illinois EPA plans on funding all applicants on the PPL that reach a complete loan application and are ready to proceed with construction in State FY2017. All loan funds not used during the State FY2017 will be carried over for use in the subsequent State FYs.

<b>Source</b>	<b>Amount*</b>
Federal FY2016 Federal Capitalization Grant Funds	\$60,428,000
State Matching Funds	\$12,085,600
Additional Bond Funds,**	\$160,679,869
Loan Repayments, Reimbursements, Accrued Interest***	\$153,429,058
<b>Total Available Funds</b>	<b>\$386,622,527</b>

\* Approximate balances as of June 30, 2016.

\*\* Funds will be acquired as necessary to meet demand.

\*\*\* Balance available to WPCLP after meeting all debt service obligations.

##### **2) Intended Uses of Funds**

The Illinois EPA proposes to utilize the \$386,622,527 in WPCLP funds currently available, and if projects receiving funding per Section 365.430 exceed this amount the IL EPA will issue additional revenue bonds to meet the demand when the cash flow needs of these projects require the issuance of bonds.

### 3) Cash Draw Ratios and Obligation of Federal and State Funds

The WPCLP will maintain the required ratios of cash draws and obligations between Federal funds and State funds.

Match: The State intends to provide the match for the 2017 Capitalization Grant by issuing State Match Bonds in early State FY2017. These State Match Bond proceeds will be disbursed entirely prior to drawing any funds from the 2017 grant. Illinois EPA will then draw Federal funds at a 100% ratio until all grant funds are exhausted.

Binding Commitments: In managing the WPCLP funds, the State must enter into loan agreements that provide financial assistance in an amount equal to 120% of the amount of each Capitalization Grant payment received, within one year after receiving its grant payment. Illinois EPA will provide loan commitments within one year that exceed 120% of the Capitalization Grant.

### 4) Transfer of Funds

Illinois EPA is reserving the right to transfer an amount equal to up to 33% of the cumulative Drinking Water State Revolving Fund (DWSRF) Capitalization Grants from the WPCLP to the Public Water Supply Loan Program (PWSLP), or an equivalent amount from the PWSLP to the WPCLP. At the end of State FY2016, the WPCLP transferred \$17,750,000 of Fund equity to the PWSLP. Since program inception, the net total amount transferred from WPCLP to PWSLP is \$17,750,000.

## **B. WPCLP Project Priority List and Anticipated Funding List**

The IEPA has developed a Project Priority List (PPL) (Appendix B) that identifies applicants eligible for assistance and is comprised of all projects which submitted pre-applications between April 1, 2015, and March 31, 2016, as well as projects which have achieved Facilities Plan Approval and subsequently submitted a pre-application after March 31, 2016.

All projects which have achieved Facilities Plan approval have been ranked and scored in accordance with the provisions of 35 Ill. Adm. Code Part 366, "Procedures and Requirements for Determining Loan Priorities for Municipal Wastewater Treatment Works". Projects were scored in four project categories, including: Service Continuation Projects (Class A) that improve, upgrade, rehabilitate, renovate, and/or replace wastewater treatment works; Service Expansion Projects (Class B) that propose to expand the capacity of existing wastewater treatment works; New Service Projects (Class C - no applications received) which will provide wastewater collection, transportation and treatment for an unsewered local government unit; and Combined Sewer Service Projects (Class D) involving construction in a combined sewer service area to reduce or eliminate basement flooding.

A subset of the PPL is the Intended Use Plan "Anticipated Funding List". Projects included on the Anticipated Funding List must have a construction start date on or before March 31, 2017. In accordance with the Loan Rules, loan funds will be reserved for these projects until they either complete loan applications or demonstrate that they will be unable to proceed prior to March 31, 2017. In the latter case, a project for which funding was originally reserved may be bypassed for funding. A project that is bypassed does not lose its eligibility for funding; however, funds for a



bypassed project are no longer held in reserve and may thereafter, during the bypass funding period (January 1, 2017 through June 30, 2017), be awarded to any other project on the PPL that meets the criteria for loan award per Section 365.430 of the Loan Rules. Projects will be funded in the order in which the requirements of 365.430 are completed.

Another subset of the PPL are those projects which have achieved Facilities Plan approval but have an anticipated construction start date after March 31, 2017. In accordance with the Loan Rules, funding may not be reserved for these projects due to their anticipated construction start date. Funding may be provided to these projects during the bypass period, or earlier should available funds exceed the funding requested by projects on the Anticipated Funding List.

All other projects which submitted a pre-application between April 1, 2015, and March 31, 2016 but for which Facilities Plan approval has not been achieved are listed on the PPL in alphabetical order and thereby ranked equally. Projects for which a Facilities Plan has not yet been submitted have their project number (L17#) listed as “to be determined” (TBD). A project may be added to the PPL at any time during the year upon obtaining Agency approval of its Facilities Plan, provided a pre-application has been submitted for the project.

**Should available funds exceed the funding requested by projects on the Anticipated Funding List, as is anticipated to be the case in State FY 2017, any project on the PPL that meets the criteria for loan award per Section 365.430 of the Loan Rules may obtain funding between July 1, 2016 through December 31, 2016. Projects will be funded in the order in which the requirements of Section 365.430 of the Loan Rules are satisfied as funds are available.**

### **C. Program Administration Costs and Fee Costs**

In State FY2017, the program anticipates spending \$2,600,000 from Fund equity and will not draw any administrative costs from the Capitalization Grant. Total administrative costs since the beginning of the loan program will total \$53,958,042. The Agency has also received in-kind awards for Northbridge to install the Illinois EPA’s Loan Grant Tracking System, as well as a Financial Services Contract. The program anticipates in-kind expenditures in State FY2017 to be \$193,760, bringing the total in-kind expenditures for these contracts to \$827,000. The total administrative expenditures combining cash outlay with in-kind services provided by U.S. EPA will total \$54,785,042 at the end of June 30, 2017. This will leave the WPCLP with a banked balance of \$13,391,912. This is our ceiling of 4% of all grants awarded (including the 2017 award) of \$68,176,954 less to total outlays of \$54,785,042.

**Loan Support Program:** The Illinois EPA has operated and maintained a Loan Support Program (LSP) outside the Federal SRF since 1996. The LSP is maintained as a single entity in Illinois statute, but the Illinois EPA accounts separately for funds attributable to WPCLP and PWSLP loans. The LSP is financed by the loan support portions of the fixed loan rate, with that portion currently established at 50% of the fixed loan rate in the WPCLP and the PWSLP. To date, the LSP has been used primarily to finance the reasonable costs incurred by the Illinois EPA for functions that support the management of the Water Revolving Fund, which is the financial mechanism used in administering Illinois’ SRF programs.

The balance in the LSP through June 30, 2017, will be approximately \$13,721,380 and reflects the accumulation of monies earned through both the WPCLP (\$9,767,767) and PWSLP (\$3,953,371). For the State FY ending June 30, 2017, estimated WPCLP Loan Support Program receipts are projected to total \$24,018,868. Estimated operational outlays for the Illinois EPA's Division of Water Pollution Control are projected to total \$10,300,000, and be dedicated primarily to activities in support of the SRF programs, including compliance, permitting and field operations activities.

In each of State FY2011, 2012 and 2014, Illinois EPA targeted \$5,000,000 of loan support program resources to the Illinois Green Infrastructure Grants program which, as of June 30, 2016, had spent \$9,980,703. Subject to appropriation by the Illinois General Assembly, Illinois EPA may direct loan support funding towards urban stormwater management projects.

#### **IV. Program Management**

One of the purposes of the IUP is to facilitate the planning and administration of the WPCLP. The following describes the method by which available funds and projects are managed.

##### **A. Principal Forgiveness and Interest Rate Determinations**

###### **1) Principal Forgiveness**

The WPCLP is able to offer a reduction to the amount of principal that an applicant would otherwise need to repay for its project. This reduction is called "principal forgiveness," according to Federal statute. Although the name is different, in practical application principal forgiveness functions much like a grant *i.e.*, the eligible capital costs of the project are reduced by the principal forgiveness amount, thereby eliminating a portion of the principal (and interest) that the borrower must repay. Principal forgiveness assistance awards will follow the terms outlined in Appendix G.

###### **2) Interest Rate Determinations**

Loan Interest Rate and Term: The current Loan Rules provide for a fixed loan rate that shall be established annually at one-half the market interest rate. Specifically, the fixed loan rate is defined by rule as one-half the mean interest rate of the 20 General Obligation Bond Buyer Index from July 1 to June 30, in the preceding State FY, rounded to the nearest .01%. Current Loan Rules establish a new interest rate each July 1 for the following State FY. Based on bond rates through June 30, 2016, the fixed loan rate for loans executed by Illinois EPA from July 1, 2016, through June 30, 2017, will be 1.75%.

The fixed loan rate is a simple, annual rate. Loan awards will have a maximum term of 20 years from the initiation of operation, with initial repayments of principal to commence within one year of the initiation of operation.

Draft rules are proceeding through the State rule making process that will provide the following interest rate and term structures once adopted and implemented:

###### Section 365.210 Fixed Loan Rate

The interest rate of the loan agreement shall be a fixed loan rate and shall be established as follows:

- a) **Base 20 Year Rate:** Loan agreements with a repayment period not to exceed 20 years shall have a fixed loan rate equal to 50% of the market interest rate (mean interest rate of the 20 General Obligation Bond Buyer Index, from July 1 through June 30 of the preceding State-FY rounded to the nearest 0.01%).
- b) **Small Community Rate:** Public loan applicants with a service population less than 25,000 which also meet any one of the following three criteria qualify for a fixed loan rate equal to 75% of the Base 20 Year Rate:
  - 1) The median household income of the public loan applicant's service population is less than the statewide average.
  - 2) The unemployment rate of the public loan applicant's service population is greater than the statewide average.
  - 3) The public loan applicant's annual user charge, based upon the average monthly bill of the public loan applicant's residential customers, is greater than 1.0% of the median household income of the public loan applicant's service population.
- c) **Hardship Rate:** Public loan applicants with a population less than 10,000 which also meet any one of the following three criteria qualify for a fixed loan rate of 1.0%:
  - 1) The median household income of the public loan applicant's service population is below 70% of the statewide average.
  - 2) The unemployment rate of the public loan applicant's service population is at least 3.0% greater than the statewide average.
  - 3) The public loan applicant's annual user charge, based upon the average monthly bill of the public loan applicant's residential customers, is greater than 1.5% of the median household income of the public loan applicant's service population.
- d) **Environmental Impact Rate:** Where at least 50% of the eligible project costs fund any of the following components, the loan applicant shall receive the Base 20 Year Rate in subsection (a) less 0.2%, only if the loan applicant is not eligible for the Small Community Rate in subsection (b) or the Hardship Rate in subsection (c):
  - 1) New projects for the collection or treatment of unsewered communities;
  - 2) Projects involving nutrient removal or nutrient loss reduction;
  - 3) Green infrastructure projects;
  - 4) Projects lowering water demand; or
  - 5) Projects reducing energy demands associated with the treatment and delivery of wastewater.

*Section 365.220 Loan Repayment Period*

- a) Except as provided in subsections (b) and (c), the loan repayment period cannot exceed the lesser of 20 years beyond the initiation of operation date, 20 years beyond the initiation of the loan repayment period, or the projected useful life of the project to be financed with proceeds of the loan.
- b) For public loan applicants that qualify for the Small Community Rate or Hardship Rate as

defined in Section 365.210 (Fixed Loan Rate) of this Part, the loan repayment period cannot exceed the lesser of 30 years beyond the initiation of operation date, 30 years beyond the initiation of the loan repayment period, or the projected useful life of the project to be financed with proceeds of the loan.

- c) The Agency may require a loan repayment period term of less than the maximum. In evaluating the appropriateness of alternative loan terms, the Agency shall consider such factors as the scope of the proposed project, the impacts of alternative loan terms on user fees, and the overall cost of the project.

The new proposed rules also allow current loans to restructure to 30 year loans under certain circumstances.

The Agency may approve restructuring of the loan obligation when restructuring is in the best interest of the State. All restructuring shall be consistent with the objectives of the CWA and shall meet the requirements of this Part.

- a) A written request for the restructuring of the loan obligation must be submitted in writing to the Agency. Each written request for restructuring must contain all of the following:
  - 1) The name of the applicant and the Agency loan number;
  - 2) A statement explaining when it was determined that restructuring was needed;
  - 3) A statement explaining all remedial measures taken subsequent to the determination that restructuring was needed;
  - 4) A statement explaining why restructuring is in the best interest of the State and the applicant;
  - 5) A description of the financing terms desired and the facts which the applicant believes warrant the Agency's approval of the restructuring; and
  - 6) A description of the applicant's financial capability and dedicated source of revenue for repayment of the restructured loan in accordance with Section 365.350(d) of this Part.
- b) The applicant must resubmit all financial and managerial capability documentation required under 365.350 of this Part and the restructured loan must further meet all other requirements of this Part.
- c) The Agency will determine whether restructuring is in the best interests of the State based on financial and economic considerations which may include, but are not limited to, the following:
  - 1) Good cause;
  - 2) Circumstances beyond the control of the applicant; and
  - 3) The financial hardship the existing loan imposes on the loan recipient.
- d) Restructured loan agreements shall have a fixed loan rate equal to the lesser of the fixed loan rate in their original loan agreement or the current appropriate fixed loan rate under Section 365.210 (Fixed Loan Rate) of this Part.
- e) Except as provided in subsection (f), the loan repayment period for a restructured loan cannot exceed the lesser of 20 years beyond the initiation of operation date, 20 years beyond the

initiation of the loan repayment period established by the original loan agreement, or the projected useful life of the project to be financed with proceeds of the original loan.

- f) For public loan applicants that qualify for the Small Community Rate or Hardship Rate as provided in Section 365.210 (Fixed Loan Rate) of this Part, the loan repayment period for a restructured loan cannot exceed the lesser of 30 years beyond the initiation of operation date, 30 years beyond the initiation of the loan repayment period established by the original loan agreement, or the projected useful life of the project to be financed with proceeds of the original loan.

## **B. Distribution of WPCLP Funds**

The initial distribution of available funds among the various funding reserves and project categories is as follows:

- 1) An amount not to exceed 4.0% of the total of all grants awarded to capitalize the WPCLP, \$400,000 per year, or 1/5% per year of the current valuation of the fund, whichever amount is greatest, is reserved and may be utilized as determined necessary for the reasonable costs of administering the fund and to conduct activities required under Title VI of the CWA.
- 2) The Illinois EPA will maintain its commitment to green infrastructure in State FY2017, and will utilize not less than 10% of Capitalization Grant funds to provide continued support for projects or project components focused on “green infrastructure, water or energy efficiency improvements or other environmentally innovative activities”. As dictated in the Federal FY2016 Capitalization Grant requirements for a Green Project Reserve (GPR), the Illinois program will provide a minimum of \$6,042,800 in GPR funding. The projects which contain GPR components, and the amount of funding provided, will be reported to U.S. EPA via the Clean Benefits Reporting system. Despite uncertainty regarding the Federal GPR requirement, the Illinois EPA is taking steps to institutionalize certain green infrastructure practices and policies in the Illinois SRF programs and encourage green infrastructure practices.

## **C. Management Actions**

The WPCLP is managed in accordance with the Loan Rules and the Water Pollution Control Revolving Fund Operating Agreement between Illinois EPA and U.S. EPA Region V.

As a result of the enactment of the Federal WRRDA, the list of project eligibility criteria for CWSRF financing has expanded significantly. Efforts are underway to amend Illinois law and the Loan Rules to incorporate all newly authorized categories. A specific focus of the expansion of eligible activities with WPCLP will be to provide funding to storm water projects that provide a water quality benefit. Following an extensive stakeholder process Draft Rules have been developed and submitted for adoption by Illinois Joint Committee on Administrative Rules. Adoption is expected during 2016 or early 2017, with an effective date of July 1, 2017.

As a part of its management of the WPCLP the Illinois EPA may, without limitation, take the following actions:

- 1) Add projects to the Intended PPL at any time upon the project obtaining project plan approval

and submitting a pre-application.

- 2) Bypass any project on the PPL if the loan applicant demonstrates that they will be unable to proceed prior to March 31 of the program year (State FY 2017).

Although WPCLP staff is available to assist applicants with project administration, the applicant carries the responsibility for managing its project before, during, and after assistance award. It is essential that the applicant be aware of its responsibilities, commitments, and obligations.

## **V. Federal Assurances**

Illinois EPA provides the following assurances and certifications to the U.S. EPA as a part of the IUP. Illinois EPA agrees to the following as required by the CWA, the WPCLP Operating Agreement with the U.S. EPA, and as conditions of the grants to capitalize the WPCLP.

### **A. 602(a) - Environmental Reviews**

The Illinois EPA will conduct environmental reviews for all projects as specified in its Operating Agreement with the U.S. EPA.

### **B. 602(b) (4) - Expeditious and Timely Expenditures**

Illinois EPA will expend all funds in the WPCLP in a timely and expeditious manner.

### **C. 602(b) (5) - First Use for Enforceable Requirements**

The first use requirement has been met in Illinois.

### **D. 603(f) - Consistency with Planning Requirements**

Projects constructed in whole or in part with funds directly made available by Federal Capitalization Grants will be required to comply with the following Sections of the CWA, as applicable: 205(j), 208, 303(e), and 319.

### **E. Program Benefits Reporting**

Illinois EPA will annually report aggregate program information derived from project data.

### **F. Wage Rates and Standards**

In order to meet a Federal Capitalization Grant condition, the Illinois EPA will require WPCLP projects to comply with the Federal wage and employment standards under the Federal Davis-Bacon Act.

### **G. Archeological and Historic Preservation Act of 1974, PL 93-291 *et seq.***

U.S. EPA has determined that the provisions of PL 93-291, also known as the National Historic Preservation Act, must be applied to activities of State revolving loan funds where their activities are

supported by funds directly made available by Federal Capitalization Grants.

## **H. Federal Flood Risk Management Standard and Process**

On January 30, 2015, the President signed Executive Order (E.O.) 13690, establishing a Federal Flood Risk Management Standard and a Process for Further Soliciting and Considering Stakeholder Input. E.O. 13690 amended E.O. 11988, Floodplain Management, issued in 1977. For projects funded under the provisions of the IUP for 2017, the Illinois EPA will comply with the requirements of E.O. 11988 as they are amended by E.O. 13690.

## **I. Guidelines for Enhancing Public Awareness of State Revolving Fund Assistance Agreements**

U.S. EPA has produced a document titled “Guidelines for Enhancing Public Awareness of SRF Assistance Agreements” (dated June 3, 2015), which outlines the requirement for increased awareness of Federal funding through the DWSRF and CWSRF. These guidelines include options for project “signage”. Illinois EPA has satisfied this requirement by modifying our Loan Standard Conditions to include No. 23 which states:

The loan recipient shall meet a signage requirement by posting a sign at the project site or making an equivalent public notification such as a newspaper or newsletter publication; utility bill insert; or online posting for the project duration. After the signage requirement is met, documentation must be submitted to the Illinois EPA using the Public Notification/Signage Requirement Certificate of Completion.

All loan recipients must submit the certification form prior to the first disbursement of loan funds. All signage must include language that the project is wholly or partially funded with joint funding using both State and Federal funds. (<http://www.epa.illinois.gov/Assets/iepa/forms/water-quality/financial-assurance/signage-document.pdf>)

## **J. Equivalency**

U.S. EPA now requires that states identify a pool of projects that will be used to meet Federal equivalency requirements. These projects will be in an amount made directly available by the 2016 CWSRF Capitalization Grant (\$60,428,000). Equivalency projects must comply with the Federal Funding Accountability and Transparency Act and 40 USC Chapter 11 “Procurement for Architectural and Engineering Contracts”.

At this time, a Metropolitan Water Reclamation District (L175329) project is designated as an equivalency project. Should this project not close on a loan during the State FY, it will be replaced with another project(s) on the PPL that can meet all of the Federal equivalency requirements.

## Appendix A: Definitions and Acronyms

Agency - Illinois Environmental Protection Agency. (415 ILCS 5/19.2(a))

BMP(s) - Best Management Practice(s).

Bypass - An action by Illinois EPA to remove a project from funding consideration in a State FY.

Capitalization Grant - The actual Federal funds received by the Agency for deposit into the WPCLP as a result of the Capitalization Grant agreement with U.S. EPA.

Construction - Means any one or more of the following: preliminary planning to determine the feasibility of treatment works, engineering, architectural, legal, fiscal, or economic investigations or studies, surveys, designs, plans, working drawings, specifications, procedures, field testing of innovative or alternative wastewater treatment processes and techniques meeting guidelines promulgated under Section 304(d)(3) of the Clean Water Act, or other necessary actions, erection, building, acquisition, alteration, remodeling, improvement, or extension of treatment works, or the inspection or supervision of any of the foregoing items.

CWA - The Clean Water Act, as amended (33 USC 1251 *et seq.*).

CWSRF - Clean Water State Revolving Fund

Dedicated Source of Revenue - The type of security and the basis of legal authorization that are dedicated by legislative enactment or other appropriate authority along with the applicable revenue source pledged for repayment and recorded in an account for the purpose of loan repayment, which is sufficient to repay the principal and interest on the loan.

Defer - An action by Illinois EPA to delay the scheduled date of loan award for a project to a later month in the State FY and to continue to reserve funds for the project.

Design - All administrative, legal, and engineering tasks, subsequent to Project Plan approval but prior to advertisement for bid proposal, associated with receiving approval of a loan application. This must include the following: surveys, designs, plans, working drawings, specifications, soil investigations and any other tests or process determinations required to establish design criteria, and development of user charge systems and sewer use ordinances.

Director - Director of the Illinois Protection Agency

DWSRF - Drinking Water State Revolving Fund

Energy Efficiency - The use of improved technologies and practices to reduce the energy consumption of water quality projects, including projects to reduce energy consumption or produce clean energy used by a treatment works.

E.O. - Executive Order

EPA - Environmental Protection Agency

Facilities - Equipment or operating systems that are constructed installed or established to serve the particular purposed of mitigating the impacts of sewerage, industrial waste or non-point sources of pollution in a watershed. Facilities may involve stand-alone projects or be involved as component pieces of treatment works. Facilities in the context of the Green Project Reserve will address green infrastructure, water and energy efficiency improvements and other environmentally innovative activities.



Fixed Loan Rate - Defined by rule as one-half the mean interest rate of the 20 General Obligation Bond Buyer Index from July 1 to June 30, in the preceding State FY, rounded to the nearest .01%. Current Loan Rules establish a new interest rate each July 1 for the following State FY.

Fund - The Water Revolving Fund, as authorized by 415 ILCS 5/19.3, consisting of the Water Pollution Control Loan Program.

FY - Fiscal Year

Green Infrastructure - Includes a wide array of practices at multiple scales that manages and treats stormwater, and that maintains and restores natural hydrology by infiltrating, evapotranspiring and capturing and using stormwater.

GPR - Green Project Reserve, which is the portion of funded projects from the Capitalization Grant, that are required to be documented by the Agency in its Intended Use Plan and Annual Report. These projects address green infrastructure, water and energy efficiency improvements and other environmentally innovative activities as directed by Federal law.

Infiltration - Water other than wastewater that enters a sewer system (including sewer service connections and foundations drains) from the ground through such means as defective pipes, pipe joints, connection or man holes.

Inflow - Water other than wastewater that enters a sewer system (including sewer service connections) from sources such as, but not limited to, roof leaders, cellar drains, yard drains, area drains, drains from springs and swampy areas, manhole covers, cross connections between storm sewers and sanitary sewers, catch basins, cooling towers, stormwaters, surface runoff, street wash water or drainage.

Initiation of Operation - The date that the funded treatment works are in full and sustained operation as planned and designed.

Intended Use Plan - A plan that includes a description of the short- and long-term goals and objectives of the Water Pollution Control Loan Program, project categories, discharge requirements, terms of financial assistance and the loan applicants to be served. (415 ILCS 5/19.2(e))

Interest Rate - The interest rate of the loan agreement shall be a fixed loan rate.

IUP - Intended Use Plan

Loan - A loan made from the Water Pollution Control Loan Program to an eligible applicant as a result of a contractual agreement between the Agency and such applicant. (415 ILCS 5/19.2(c))

Loan Agreement - The contractual agreement document between the Agency and the loan recipient that contains the terms and conditions governing the loan issued from the WPCLP.

Market Interest Rate - The mean interest rate of the 20 General Obligation Bond Buyer Index, from July 1 through June 30 of the preceding State FY rounded to the nearest 0.01%.

Median Household Income or MHI - The median household income is the American Community Survey 5-year estimate from the United States Department of Commerce, Bureau of the Census.

Municipality - A municipality as defined in Section 502 of the Federal Clean Water Act. (33 USC 1362(4))

NPS - Nonpoint Source

Operating Agreement - The agreement between the Agency and U.S. EPA that establishes the policies, procedures and activities for the application and receipt of Federal Capitalization Grant funds for capitalization of the WPCLP.

Principal - The total amount of funds distributed to loan recipients for eligible project costs.

Principal Forgiveness - The portion of a loan's principal for which there is no repayment obligation, consistent with the terms of the project's loan agreement.

PPL - Project Priority List, which is an ordered listing of projects developed in accordance with the priority system that the Agency has determined are eligible to receive financial assistance from the WPCLP. (35 Ill. Adm. Code 366)

Public Loan Applicant - A loan applicant that is a municipality, intermunicipal agency, interstate agency, or local government unit that has applied for a loan under the WPCLP.

PWSLP - Public Water Supply Loan Program

Readiness to Proceed - Timely progress toward achieving a binding commitment during the State FY and initiating project activities. This is measured by an applicant's success in meeting all applicable pre-award WPCLP program requirements.

Service Population - The number of people served by the public loan applicant.

Service Revenue - All revenues of the loan applicant that are sufficient to repay the principal and interest (as calculated by the Fixed Loan Rate) on the loan.

SRF - State Revolving Fund

Title VI - Title VI of the Federal Clean Water Act. (33 USC 1251 *et seq.*)

Treatment Works -

1. Any devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial wastes of a liquid nature to implement Section 201 of the Clean Water Act, or necessary to recycle or reuse water at the most economical cost over the estimated life of the works. This includes intercepting sewers, outfall sewers, sewage collection systems, pumping power, and other equipment, and their appurtenances; extensions, improvements, remodeling, additions, and alterations thereof; elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities; and any works, including site acquisition of the property that will be an integral part of the treatment process (including property used for the storage of treated wastewater in land treatment systems prior to land application) or is used for ultimate disposal of residues resulting from such treatment.
2. In addition to the contents of paragraph 1. of this definition, any other method or system for preventing, abating, reducing, storing, treating, separating, or disposing of municipal waste, including stormwater and sanitary sewer systems.
3. For the purpose of this definition, replacement means the expenditures for obtaining and installing equipment, accessories, or appurtenances during the useful life of the treatment works necessary to maintain the capacity and performance for which such works are designed and constructed.

Unemployment Rate - The annual average unemployment rate calculated by the Illinois Department of Employment Security's Economic Information and Analysis Division.

Useful Life - The estimated period during which a treatment works is intended to be operable, as certified by the project's consulting licensed professional engineer.

U.S. EPA - United States Environmental Protection Agency.

User Charge - A charge levied on the users of a treatment works to produce adequate revenues for the operation, maintenance and replacement of the treatment works.

WPCLP - Water Pollution Control Loan Program, as authorized by Section 19.2 of the Environmental Protection Act. (415 ILCS 5/19.2)

WRRDA - Water Resources Reform and Development Act of 2014. (P.L. 113-121)

## Appendix B: 2017 Project Priority List and Intended Use Plan

				Date					Const.	Loan
Applicant	L17#	New/ Renew	Pre-App Rec'd		Project Description	NPDES Permit #	Plan Appr Date	Project Cost	Start Date	Priority Index
INTENDED USE PLAN - ANTICIPATED FUNDING LIST										
Class A - Service Continuation Projects										
1	Springfield, City of	5348	Renew	6/2/16	Phase 2 of Sewer Rehabilitation Work	IL0021989	6/23/2014	\$20,000,000	1/15/17	168.00
2	Westchester	4937	Renew	2/9/16	Replacement, approx. 5,000 ft of 24-30 sewers.	IL0028053	2/18/2014	\$2,600,000	10/07/16	113.40
3	MWRDGC	4555	Renew	3/29/16	Stickney Battery A Loan 2	IL0028053	9/12/2014	\$80,000,000	12/01/16	102.05
4	Orient	4713	Renew	7/10/15	Rehabilitation of 10 pump stations	IL580272	2/5/2013	\$320,000	04/01/16	94.41
5	Washington	4845	Renew	3/31/16	Phase 2A WWTP Improvements	IL0042412	6/19/2013	\$5,000,000	04/29/16	60.24
6	Frankfort	5407	New	10/23/15	Consolidate West & North WWTP at Regional WWTP Phase 1 Loan 2	IL0072192	4/16/2016	\$5,392,850	1/1/17	60.13
7	Eldorado	5346	New	7/7/15	Route 45 Sewer Rehab	IL0028649	4/27/2016	\$322,000	9/1/16	58.84
8	MWRDGC	5368	New	11/24/15	Installation of Safety Railing at Stickney WRP	IL0028053	3/22/2016	\$9,377,000	04/01/16	51.03
9	Decatur	5329	Renew	6/10/16	Critical Sewer Rehab Phase III	IL0028231	2/4/2013	\$15,000,000	11/15/16	47.22
10	Monticello	5021	Renew	6/7/16	New WWTP	IL0029980	4/27/2016	\$13,068,492	10/01/16	37.92
11	Trenton	4906	Renew	3/11/16	WWTP Improvements	IL0026701	5/10/2016	\$5,000,000	09/01/16	35.69
12	Glenbard WWA	5180	Renew	6/1/16	Pump station/tertiary treatment/utility improvements	IL0021547	7/15/2014	\$18,000,000	6/15/16	34.92
13	Hennepin Public WD	5184	Renew	6/7/16	WWTP Rehabilitation	IL0025313	10/15/2014	\$1,262,400	09/01/16	33.97
14	Salt Creek SD	4840	Renew	6/1/16	Digester cover, gas mixing/ safety equipemnt	IL0030953	9/21/2011	\$6,783,525	08/17/16	20.37
15	Hopedale	2685	Renew	6/6/16	WWTP upgrades	IL0020737	12/3/2015	\$2,950,000	11/15/16	19.95
16	Wheaton SD	5054	Renew	6/2/16	Fine Screens at WWTP	IL0031739	7/30/2014	\$1,106,000	9/1/16	19.46
17	Carrier Mills	5005	Renew	3/1/16	Rehab sewers, forcemain, and pump station	ILG582014	1/24/2014	\$724,000	10/01/16	10.50
18	Mill Creek WRD	3308	Renew	6/2/16	Upgrade WWTP Aeration system	N/A	3/27/2014	\$518,000	10/01/16	10.35
19	Chicago	5323	Renew	6/7/16	Sewer Replacement - Chicago Ave, Homan Ave, Iowa St, Christianna Ave.		11/18/2015	\$4,200,000	09/22/16	3.15
20	Evanston	5387	New	3/15/16	Sewer lining project along Mulford Street	ILM580002	5/9/2013	\$600,000	9/30/16	2.10
21	Fox River WRD	5353	Renew	4/1/15	Anaerobic Digester Improvements	IL0028657	7/7/2016	\$10,400,000	3/1/16	1.05
Subtotal Class A Projects								\$202,624,267		
Class B - Service Expansion Projects										
1	Rock River WRD	5214	Renew	6/1/16	Fuller Creek Trunk Sewer Phase C	IL0027201	10/25/2012	\$18,600,000	07/01/16	1.73
2	Springfield Metro S.D.	5411	New	3/28/16	Phase 2 of Sugar Creek WWTP	IL0021971	6/17/2014	\$34,000,000	11/1/16	1.18
3	Glen Carbon	2447	Renew	4/1/15	Force Main, sewer, lift station improvements	IL0033481	6/25/2015	\$5,200,000	11/1/15	1.05
4	MWRDGC	5342	Renew	3/29/16	Des Plaines Inflow Tunnel - Phase 1	IL0028053	9/17/2015	\$78,000,000	6/1/16	1.05
5	Taylorville	4972	Renew	3/4/16	Northern Trunk Sewer, Phase I	IL0031356	10/10/2014	\$1,600,000	10/15/16	1.05
6	Rock River WRD	5321	Renew	6/1/16	Spring Creek Trunk Sewer Upsizing	IL0027201	8/10/2015	\$16,500,000	06/01/16	0.87
Subtotal Class B Projects								\$153,900,000		
Class D - Combined Sewer Service Projects										
1	Belleville	5409	Renew	3/25/16	Phase 4 of LTCP	IL0021873	10/24/2011	\$15,000,000	01/01/17	1.11
2	Mattoon	5118	Renew	2/15/16	Convey CSO flow to satellite treatment facility	IL0059831	5/1/2015	\$6,500,000	09/01/16	1.10
3	Mattoon	5119	Renew	2/15/16	CSO collection and diversion structures	IL0059831	5/1/2015	\$3,500,000	08/01/16	1.10
4	MWRDGC	5305	Renew	3/29/16	Oak Lawn Creek Stabilization	N/A	2/16/2016	\$4,175,000	8/1/16	1.10
5	Taylorville	5123	Renew	3/4/16	CSO Phase 5	IL0031356	3/25/2016	\$923,260	09/15/16	1.07
Subtotal Class D Projects								\$30,098,260		
Intended Use Plan - Anticipated Funding List - Total								\$386,622,527		

PROJECT PRIORITY LIST CONTINUED										
Projects with Facilities Plan approval - Anticipated construction start after March 31, 2017										
Class A - Service Continuation Projects										
1	Creve Coeur	5030	Renew	6/2/16	Replace 6 pump stations with one new one	IL0021237	11/21/2014	\$3,000,000	04/01/17	134.85
2	MWRDGC	4556	Renew	6/2/16	Stickney Battery A Loan 3	IL0028053	9/12/2014	\$70,000,000	12/01/17	102.05
3	Frankfort	5408	New	10/23/15	Consolidate West & North WWTP at Regional WWTP Phase 1 Loan 3	IL0072192	4/16/2016	\$5,392,850	7/1/18	60.13
4	Chicago	5413	Renew	3/31/16	Sewer Lining 2017	N/A	5/6/2016	\$67,000,000	06/01/17	5.25
5	Evanston	5241	Renew	3/15/16	Sewer lining project along Greenleaf Street, between McDaniel and Dewey Avenue	ILM580002	5/9/2013	\$1,687,000	5/9/17	3.15
6	Murrayville	5390	New	3/28/16	Sewer lining of 24,350 ft of 8-inch sewer	ILG580113	6/27/2016	\$1,755,000	04/01/17	1.05
7	Wasco S. D.	5301	Renew	3/3/16	Replace gravity sand filters w/ mechanical system	N/A	9/22/2015	\$1,206,872	4/1/18	1.05
Subtotal Class A Projects								\$150,041,722		
Class D - Combined Sewer Service Projects										
1	Fox Metro WRD	5391	Renew	3/16/15	Phase 2 of CSO LTCP work at WWTP	IL0020818	8/24/2015	\$3,845,000	04/01/17	1.11
2	Pekin	5402	Renew	6/2/16	Phase 3 and 4 of CSO LTCP work	IL0034495	2/25/2014	\$11,500,000	04/01/17	1.10
Subtotal Class D Projects								\$15,345,000		
Projects with Facilities Plan approval - Anticipated construction start after March 31, 2017 - Total								\$165,386,722		

# PROJECT PRIORITY LIST CONTINUED

Projects for which a Pre-Application was received before March 31, 2016 without an approved Facilities Plan

Applicant	L17#	Date		Project Description	NPDES Permit #	Plan Appr Date	Project Cost	Const. Start Date
		New/ Renew	Pre-App Rec'd					
Albany	TBD	New	3/24/16	Replace Headworks at WWTP	IL0023302		\$1,500,000	04/01/18
Alhambra	2905	Renew	4/1/15	WWTP Improvements	ILG580004		\$200,000	11/1/16
Alton	2505	Renew	3/31/16	Sanitary sewer ext Eastside, SSO project	IL0027464		\$650,000	6/1/17
Alton	2920	Renew	3/31/16	Fosterburg Road Extension	IL0027464		\$825,000	9/1/16
Alton	4738	Renew	3/31/16	WWTP Outfall 42-inch	IL0027464		\$2,160,000	02/01/17
Alton	4857	Renew	3/31/16	CSO Phase 1B LTCP	IL0027464		\$1,636,590	4/30/16
Alton	4858	Renew	3/31/16	CSO Phase 1C LTCP	IL0027464		\$9,201,956	04/30/17
Alton	4859	Renew	3/31/16	CSO Phase 1D LTCP	IL0027464		\$1,550,538	04/30/19
Alton	4860	Renew	3/31/16	CSO Phase 1E LTCP	IL0027464		\$2,633,209	04/30/21
Bartleso	5243	Renew	3/21/16	WWTP Improvements	ILG580003		\$1,400,000	10/01/16
Bartlett	34	Renew	3/28/16	WWTP Improvements	IL0027618		\$4,000,000	8/1/17
Bartlett	TBD	New	3/28/16	WWTP Improvements Phase 2	IL0027618		\$5,000,000	08/01/18
Beardstown	TBD	New	3/31/16	Collection system improvements	IL0025135		\$6,000,000	01/05/17
Beardstown S.D.	4847	Renew	3/31/16	WWTP Improvements Phase 2	IL0025135		\$9,700,000	09/01/16
Beecher	2448	Renew	3/31/16	WWTP Expansion	IL0049522		\$8,500,000	11/01/17
Benton	5244	Renew	3/9/16	New WWTP	IL0022365		\$14,000,000	09/01/16
Bethalto	3283	Renew	4/1/15	Replacement of 15, 18, and 21-inch Interceptor Sewer	IL0027464		\$3,600,000	12/01/16
Bethalto	5245	Renew	4/1/15	Lift Station Improvements	IL007464		\$3,500,000	08/01/16
Bethalto	5246	Renew	4/1/16	Interceptor Sewer Replacement serving 4 separate districts	IL007464		\$1,500,000	08/01/16
Breese	257	Renew	3/21/16	WWTP Improvements	IL0022772		\$4,500,000	10/01/17
Breese	5406	New	3/21/16	New lift station on Memorial Drive and 10 inch forcemain.	IL0022772		\$700,000	12/1/16
Calumet City	TBD	New	3/30/16	Replace 3 submersible pumps and detention basin work	IL0028061		\$8,600,000	08/01/17
Cary	TBD	New	3/31/16	Phase 1 Phos Removal Improvements	IL0020516		\$3,720,000	03/15/18
Channahon	TBD	New	4/1/15	WWTP Improvements	IL0069906		\$5,800,000	11/01/16
Chicago	5396	New	3/31/16	2017 Sewer Rehabilitation - Multiple Contracts	IL0028088		\$115,800,000	01/01/17
Chicago	TBD	New	3/31/16	Concrete Piping at E. 130th St, S. Manistee Ave, and 5 other locations	IL0028061		\$10,300,000	9/1/20
Crest Hill	2159	Renew	4/8/15	Phase 1 WWTP Improvements	IL0021121		\$22,750,000	3/1/17
Dallas City	TBD	New	3/31/16	Collection system improvements	IL0028312		\$1,700,000	09/01/16
Danville	5109	Renew	3/17/16	P.S., force main, and sewer improvements	IL0020788		\$4,500,000	12/01/16
Decatur	TBD	New	3/29/16	Rehab of existing sewers, manholes and structures using CIPP	IL0028231		\$7,600,000	04/01/18
Decatur S.D.	5410	New	3/31/16	South East 36-inch Sewer Rehabilitation	IL0028321		\$1,733,400	11/16/16
DeKalb S.D.	TBD	New	3/30/16	Phase 1B improvements, Nitrogen and Phosphorus related work	IL0023027		\$58,600,000	3/1/17
East Peoria	TBD	Renew	3/31/16	Collection system improvements (no planning ever submitted)	IL0028756		\$506,000	1/26/17
Elmhurst	4450	New	3/30/16	WWTP Improvements	IL0028746		\$21,600,000	12/1/16
Fairbury	TBD	New	4/1/15	CSO related construction from LTCP	IL0021601		\$10,000,000	7/1/16
Fox River WRD	5382	New	2/29/16	Sludge Transfer Main, Phase 3 and 4.	IL0028657		\$4,114,000	05/01/16
Frankfort	5388	New	10/23/15	Consolidate West & North WWTP at Regional WWTP Group 2 Project	IL0072192		\$35,000,000	5/1/17
Franklin Park	5205	Renew	3/17/16	Lining/replacement of storm/sanitary sewers Reuter's subdivision	IL0028053		\$2,184,555	06/30/16
Freeburg	5360	New	10/2/15	New WWTP	IL0032310		\$6,617,500	01/01/17
Geneva	TBD	New	3/7/16	WWTP Improvements	IL0020087		\$8,000,000	1/31/17
Germantown Hills	TBD	New	3/25/16	WWTP No. 1 Peak Flow Control	IL0028916		\$2,416,000	1/1/17
Glasford	5345	Renew	6/30/15	Sanitary Sewer Lining and upgrade a lift station	IL0022527		\$871,140	06/01/16
Granite City	TBD	New	4/1/15	Aeration Tank Improvements	IL0033481		\$3,000,000	08/01/16
Industry	4658	Renew	3/31/16	Upgrade treatment lagoon	ILG580048		\$1,500,000	10/01/16
Itasca	TBD	New	4/6/15	WWTP Improvements	IL0079073		\$4,000,000	2/1/16
Joliet	4706	Renew	3/29/16	Phase 3 CSO Wet Weather treatment facility	IL0022519		\$48,000,000	04/01/17
Joliet	TBD	New	3/29/16	Aux Sable WWTP Improvements	IL0076414		\$16,500,000	3/1/17
Joliet	TBD	New	3/29/16	New WAS Thickening system at Eastside WWTP	IL0022519		\$11,400,000	08/01/17
Joliet	TBD	New	3/29/16	Sewer/MH rehab along Chicago Street & several subdivisions	IL0055519		\$6,820,000	4/1/17
Knoxville	TBD	New	3/29/16	New lift station near Highway 10	IL0022209		\$550,000	9/1/17
Lakes Region S.D.	TBD	New	3/11/16	Lift Station Improvements at 5 different lift stations	IL0020958		\$700,000	2/1/17



Lebanon	1038	Renew	2/19/16	WWTP Improvements	IL0029483		\$8,042,000	12/01/16
Maryville	4777	Renew	4/1/15	Construct lift station and sanitary sewer main	IL0028215		\$540,000	02/01/16
Metro East S.D.	3165	Renew	4/1/15	Construct 21-inch to 66-inch interceptor sewer	IL0033481		\$9,200,000	10/01/16
Montgomery	5365	New	11/3/15	Upgrade lift stations	IL0020818		\$1,053,900	8/1/16
MWRDGC	2964	Renew	3/29/16	39th Street Conduit	IL0028053		\$24,700,000	08/01/17
MWRDGC	4711	Renew	3/29/16	Sewer rebase near Kenilworth, Winnetka, and Wilmette.	IL0028088		\$21,500,000	06/01/19
MWRDGC	5162	Renew	3/29/16	Facility for receiving HWS and FOG	IL0028061		\$8,750,000	11/01/16
MWRDGC	5163	Renew	3/29/16	Rehab of Upper Des Plaines Int. Sewer 11D, Ext C	IL0036340		\$5,500,000	02/01/18
MWRDGC	5221	Renew	3/29/16	Digester Gas Cleaner at Calumet WRP	IL0028061		\$13,000,000	10/01/17
MWRDGC	5370	Renew	3/29/16	Contract No. 14-372-3S Drop Shaft No. 5	IL0028053		\$2,700,000	08/01/16
MWRDGC	5371	Renew	3/29/16	Safety railing around tanks at Calumet WRP	IL0028061		\$4,000,000	08/01/16
MWRDGC	5372	Renew	3/29/16	Contract No. 15-072-3D Safety railings	IL0028088		\$4,000,000	08/01/16
MWRDGC	TBD	New	3/29/16	Tinley Creek Stabilization	N/A		\$3,806,000	04/01/17
MWRDGC	TBD	New	3/29/16	Calumet Union Drainage Ditch Stabilization	N/A		\$1,839,000	11/01/16
MWRDGC	TBD	New	3/29/16	CIPP of 11,317 ft of 36-inch and 1,089 of 54-inch sewer	IL0047741		\$5,500,000	8/1/17
MWRDGC	TBD	New	3/29/16	Melvina Ditch	N/A		\$10,600,000	11/01/16
MWRDGC	TBD	New	3/29/16	Odor Control Facilities at Calumet WRP	IL0028061		\$20,000,000	8/1/17
MWRDGC	TBD	New	3/29/16	GCT's converted to primary sludge fermenters	IL0028053		\$3,000,000	11/1/16
Neoga	3418	Renew	3/31/16	WWTP Improvements	IL0030091		\$1,780,000	3/1/17
New Lenox	1185	Renew	2/8/16	WWTP Improvements	IL0046264		\$19,718,000	06/30/16
Nokomis	4929	Renew	4/1/15	Pump station upgrades and new Interceptor	IL0020206		\$2,300,000	04/30/16
O'Fallon	1092	Renew	3/21/16	WWTP Improvements Phase 2	IL002163		\$7,500,000	8/1/17
Oneida	5256	Renew	1/28/16	Sewer lining and repair. WWTP aeration and lagoon rehabilitation	ILG580143		\$6,000,000	9/1/16
Pinckneyville	TBD	New	3/25/16	New WWTP	IL0021997		\$11,500,000	10/01/17
Rock Island	5326	Renew	3/11/16	Relocation of CSO Outfall 007	IL0030783		\$6,000,000	12/01/16
Rock Island	TBD	New	3/11/16	Partial Separation of existing CSO Outfall 006	IL0030783		\$2,000,000	3/1/17
Rock River WRD	5306	Renew	2/9/16	Winnebago lateral sewers, forcemain, WWTP abandonment	IL0027201		\$2,500,000	10/31/17
Rock River WRD	TBD	New	2/9/16	Cherry Valley Pump Station Parallel Forcemain, CIP #1420	IL0027201		\$8,000,000	07/01/17
Sesser	5017	Renew	5/7/15	Sanitary Sewer Replacement Phase 3	IL0031020		\$662,500	6/1/16
Spoon Valley Lake S.D.	4997	Renew	2/2/16	Reroute current forcemain from Forest Ridge Subdivision	ILG580202		\$1,700,000	05/30/16
Summerfield	5376	Renew	2/10/16	New WWTP	IL0064220		\$974,700	06/01/17
Sycamore	3033	Renew	3/28/16	North WWTP Expansion	IL0031291		\$25,000,000	5/15/17
Troy	TBD	New	3/25/16	Rehabilitation of Collection System	IL0031488		\$3,000,000	01/01/19
Troy	TBD	New	3/25/16	WWTP Expansion	IL0031488		\$16,000,000	01/01/19
Washington Park	2692	Renew	3/31/16	Rehab sewers, manholes and structures using CIPP	IL0065145		\$2,156,800	12/31/17
Wilmette	TBD	New	2/16/16	2016 Sewer Lining, approx 19,000 ft	IL0028088		\$820,000	06/01/17

Projects which submitted Pre-Application without Facilities Plan approval - Total \$772,982,788

Intended Use Plan - Anticipated Funding List - Total	\$ 386,622,527
Projects with Facilities Plan approval - Anticipated construction start after March 31, 2017 - Total	\$ 165,386,722
Projects which submitted Pre-Application without Facilities Plan approval - Total	\$ 772,982,788
<b>Total Requested Funding</b>	<b>\$ 1,324,992,037</b>

## Appendix C: WPCLP Interest Rates and Terms

Illinois EPA currently provides below-market interest rates for improvements to clean water systems.

### Loan Interest Rate and Term

The current Loan Rules provide for a fixed loan rate that shall be established annually at one-half the market interest rate. Specifically, the fixed loan rate is defined by rule as one-half the mean interest rate of the 20 General Obligation Bond Buyer Index from July 1 to June 30, in the preceding State FY, rounded to the nearest .01%. Current Loan Rules establish a new interest rate each July 1 for the following State FY. Based on bond rates through June 30, 2016, the fixed loan rate for loans executed by Illinois EPA from July 1, 2016, through June 30, 2017, will be 1.75%.

The fixed loan rate is a simple, annual rate. Loan awards will have a maximum term of 20 years from the initiation of operation, with initial repayments of principal to commence within one year of the initiation of operation.

Draft rules are proceeding through State Rule making process that will provide the following interest rate and term structures once adopted and implemented:

### Section 365.210 Fixed Loan Rate

The interest rate of the loan agreement shall be a fixed loan rate and shall be established as follows:

- a) Base 20 Year Rate – Loan agreements with a repayment period not to exceed 20 years shall have a fixed loan rate equal to 50% of the market interest rate (mean interest rate of the 20 General Obligation Bond Buyer Index, from July 1 through June 30 of the preceding State FY rounded to the nearest 0.01%).
- b) Small Community Rate – Public loan applicants with a service population less than 25,000 which also meet any one of the following three criteria qualify for a fixed loan rate equal to 75% of the Base 20 Year Rate:
  - 1) The median household income of the public loan applicant's service population is less than the statewide average.
  - 2) The unemployment rate of the public loan applicant's service population is greater than the statewide average.
  - 3) The public loan applicant's annual user charge, based upon the average monthly bill of the public loan applicant's residential customers, is greater than 1.0% of the median household income of the public loan applicant's service population.
- c) Hardship Rate – Public loan applicants with a population less than 10,000 which also meet any one of the following three criteria qualify for a fixed loan rate of 1.0%:
  - 1) The median household income of the public loan applicant's service population is below 70% of the statewide average.
  - 2) The unemployment rate of the public loan applicant's service population is at least 3.0% greater

than the statewide average.

- 3) The public loan applicant's annual user charge, based upon the average monthly bill of the public loan applicant's residential customers, is greater than 1.5% of the median household income of the public loan applicant's service population.
- d) Environmental Impact Rate – where at least 50% of the eligible project costs fund any of the following components, the loan applicant shall receive the Base 20 Year Rate in subsection (a) less 0.2%, only if the loan applicant is not eligible for the Small Community Rate in subsection (b) or the Hardship Rate in subsection (c):
  - 1) new projects for the collection or treatment of unsewered communities;
  - 2) projects involving nutrient removal or nutrient loss reduction;
  - 3) green infrastructure projects;
  - 4) projects lowering water demand; or
  - 5) projects reducing energy demands associated with the treatment and delivery of wastewater.

### **Section 365.220 Loan Repayment Period**

- a) Except as provided in subsections (b) & (c), the loan repayment period cannot exceed the lesser of 20 years beyond the initiation of operation date, 20 years beyond the initiation of the loan repayment period, or the projected useful life of the project to be financed with proceeds of the loan;
- b) For public loan applicants that qualify for the Small Community Rate or Hardship Rate as defined in Section 365.210 (Fixed Loan Rate) of this Part, the loan repayment period cannot exceed the lesser of 30 years beyond the initiation of operation date, 30 years beyond the initiation of the loan repayment period, or the projected useful life of the project to be financed with proceeds of the loan;
- c) The Agency may require a loan repayment period term of less than the maximum. In evaluating the appropriateness of alternative loan terms, the Agency shall consider such factors as the scope of the proposed project, the impacts of alternative loan terms on user fees, and the overall cost of the project.

### **Linked Deposit Interest Rate and Participating Lending Institution Requirements**

Illinois EPA recognizes the potential of developing a Linked Deposit program and partnering with lending institutions that could provide low interest rate loans for a variety of projects for both public and private entities. The ability to develop such a program is addressed and allowed by the Illinois Environmental Protection Act (415 ILCS 5), however current Loan Rules do not allow for a Linked Deposit program. The Agency working with stakeholders and potential partners have included Linked Deposit as an assistance program in the proposed Rules that have been submitted for adoption to the Illinois Joint Committee on Administrative Rules.



## **Appendix D: Financing Opportunities for Nonpoint Source (NPS) Pollution Control Projects**

WPCLP funds three major categories of projects:

- 1) publicly-owned projects whose components meet the definition of "construction" and "treatment works" in Section 212 of the CWA (see Appendix A);
- 2) publicly or privately-owned nonpoint source (NPS) management projects which implement a nonpoint source management program under Section 319 of the CWA (in Illinois, the Illinois Nonpoint Source Management Program), <http://www.epa.state.il.us/water/watershed/publications/nps-management-program/index.pdf> ); and
- 3) stormwater management projects targeting water quality improvement.

Illinois EPA has recognized the important role of nonpoint source pollution control projects in the overall goal of improving the State's water resources. Exclusively financing municipal wastewater treatment projects will not, in and of itself, result in the water resource improvements that Illinois needs. Recently Illinois EPA developed new mechanisms within the WPCLP, to be responsive to the NPS challenges presented to the State, and to encourage project applicants/implementers to consider nonpoint source pollution challenges and using the WPCLP to find funding solutions.

### **Direct Loans for NPS Activities**

Illinois EPA can, and has, made direct loans to public entities for NPS pollution control activities. The Illinois EPA can consider awarding direct loans to other NPS project activities, provided that they are a Clean Water Act eligible activity and an approved activity as established in the Illinois Nonpoint Source Management Program (See Appendix F), and that they meet all program requirements. Direct loans for NPS project activities can be awarded to either public or private entities (private entities contingent upon approval of current draft Rules), but all applicants should be aware that, as with all direct WPCLP loans, a dedicated source of repayment and security for the loan will be required. Full financial disclosure will be required, and unless otherwise excluded, those records will be considered public information. The interest rate assigned to these loans for public applicants will use the same methodology as described in Appendix C (WPCLP Interest Rates and Terms). The interest rate assigned to loans to private applicants will be the standard interest rate.

## **Appendix E: WPCLP Funding for Stormwater Activities**

Stormwater can be a significant contributor to surface water pollution. Runoff from streets picks up gasoline, chemicals, trash, rocks and other solids. Improper stormwater management causes increased flows, which erodes streambanks, deposits sediment in lakes, reduces infiltration which starves the groundwater table. To help Illinois communities address this source of water quality impacts, storm sewers and stormwater related activities, including “green infrastructure” related to stormwater controls, are eligible for funding through the WPCLP.

### **Stormwater Work Required by a NPDES Permit**

Funding is available for municipal separate storm sewer system (MS4) projects that are required to implement programs and practices to control polluted stormwater runoff. These projects often include traditional pipe, storage, and treatment systems, but can also include work such as green roofs, infiltration basins, curb cuts and landscaped swales, and wetland protection and restoration. When rights of way are used to address stormwater, such as through green technology, and the land is integral to the stormwater best management practice, the land is eligible for funding. See Appendix F for a list of all nonpoint source BMPs eligible.

### **Stormwater Work Not Specifically Required by a NPDES Permit**

Publicly or privately (private entities contingent upon current draft Rule adoption) owned stormwater projects that go beyond minimum Federal regulatory requirements also may be funded. For example, for projects generally associated with new or existing development, the portions of the projects that control of erosion, sedimentation, and discharge of pollutants into water resources from construction sites, roads, bridges, parking lots, and buildings can be eligible. Additionally, it may also include green infrastructure projects – those that simulate the natural hydrology of an area by capturing stormwater where it falls, treating, and infiltrating it or attenuating its discharge to surface waters. Land may also be eligible for assistance in unregulated stormwater projects. Eligible stormwater activities WPCLP funding is available for the capital costs of activities as long as those activities protect or improve water quality. Planning, design and construction or implementation activities are all eligible. However, WPCLP funding cannot be used for ongoing personnel, operation, and maintenance costs associated with stormwater control and treatment.

Since information regarding the purpose and benefits of a project are often not provided in detail in a WPCLP pre-application, projects that describe one or more of the above activities in their Pre-application will be prioritized based on the information provided and placed on the PPL. However, this initial placement on the list does not guarantee that the project will ultimately be determined to be eligible for WPCLP funding. After detailed documentation on the scope, purpose, and benefits of the project are submitted and reviewed by Illinois EPA, part or all of the project may be determined not to be eligible for WPCLP funding.

Please note that the Water Resource Reform and Development Act passed in 2014 contained amendments to Title VI of the CWA that, among other things, expanded the types of projects potentially eligible for WPCLP financing. During State FY2017, Illinois EPA will be reviewing the “expanded eligibilities” and determining which additional stormwater projects may be eligible. This Appendix may be revised during the State FY to reflect the expanded eligibilities allowed under the CWA.

## Appendix F: WPCLP Eligible Best Management Practices for Nonpoint Source and Stormwater Activities

The practices identified below are general BMPs. The identified categories of NPS pollution by source are identified for each BMP as high, low or medium for that BMP to address NPS effectively, taking into consideration both environmental (NPS reduction) effectiveness and cost effectiveness of the BMP. Though not currently part of Illinois EPAs scoring system this will be the basis for the scoring system being developed for NPS, green infrastructure and stormwater management projects.

Categories:	Agriculture	Construction	Urban Runoff	Hydrologic Modification	Resource Extraction
Practice:					
Access Roads	Low	Low	Low	Low	Low
Aeration/Destratification	---	---	Low	Low	---
Aquatic Vegetation Re-establishment	Low	Medium	Medium	High	Medium
Artificial Circulation	Low	Low	Low	Low	Medium
Barley Straw Addition	Low	Low	Low	Medium	Low
Barriers to Divert Runoff from Resource Extraction Work Sites	---	---	---	---	Medium
Bioengineering Stabilization Practices	High	High	High	High	High
Biorentention Practices	High	High	High	High	High
Bioswale	High	High	High	High	High
Bottom Feeding Fish Species Eradication	---	---	---	Low	---
Bottom Sealing	Low	Low	Low	Low	Low
Brush Management	Low	Low	Medium	Medium	Low
Buffer Strips	Medium	Medium	Medium	Medium	Medium
Catchment Basins	Medium	Medium	Medium	Medium	Medium
Channel Vegetation	High	Medium	High	High	Medium
Check Dams	High	Low	Medium	High	Medium
Cistern	Medium	Low	Medium	Low	Low
Clearing and Snagging	Low	Low	Medium	Medium	Low
Compost Facility	Low	Low	Low	Low	Low
Concrete Collection Pit	Medium	Low	Low	Low	Low
Confinement Pens	Low	---	---	Low	---
Conservation Cover	High	Medium	High	High	High
Conservation Cropping Systems	Medium	---	---	Medium	---
Conservation Reserve Programs	High	---	---	Medium	---
Conservation Tillage	Medium	---	---	Medium	---
Constructed Wetlands	High	Medium	High	High	Medium
Contour Farming	Medium	---	---	Medium	---

Categories	Agriculture	Construction	Urban Runoff	Hydrologic Modification	Resource Extraction
Contour Orchard and Other Fruit Area	Medium	---	---	Medium	---
Cover and Green Manure Crop	Medium	Low	---	Medium	Low
Critical Area Planting	High	Medium	High	High	Medium
Dam, Diversion	Low	Low	Low	Medium	Low
Dam, Floodwater Retarding	Low	Low	Low	Medium	Low
Dam, Multiple Use	---	---	---	---	---
Dam, Removal	Low	Low	Low	Low	Low
Day Lighting	Low	Low	Medium	Medium	Low
Deferred Grazing	Medium	---	---	Medium	---
Detention Basins, Dry or Wet	High	Low	Medium	High	Low
Dewatering Practices	Medium	Low	Medium	Medium	Low
Dike	Medium	Low	Low	Medium	Low
Dike Floodway Channel	Medium	Low	Low	Medium	Low
Discharge Flow Regulation	High	Low	Medium	High	Low
Ditch Stabilization	High	High	High	High	High
Diversions	Medium	Low	Medium	Medium	Low
Downspouts and Gutters	Medium	Low	Medium	Low	Medium
Dredging, Retention Site Development Reclamation	Low	Low	Low	Low	Low
Earth Dike	Medium	Low	Low	Medium	Low
Earthen Storage Basins	Medium	Low	Low	Medium	Low
Energy Dissipators	High	Medium	High	High	Medium
Erosion Control Plantings	High	Medium	High	High	Medium
Farmstead and Feedlot Windbreak	Low	---	---	---	---
Fences	Medium	Low	Low	Medium	Low
Field Borders	Medium	---	---	Medium	---
Filter Strips	Medium	---	Medium	Medium	---
Floculant (Bricks/Tubes/Feeders)	Medium	Medium	Medium	Low	Low
Flow Diversion	High	Low	High	High	Low
Forest Fertilization	Low	Low	Low	Low	Low
Forest Management	Medium	Low	Medium	Medium	Low
Gabions/Wire Mattresses	Low	Low	Medium	High	Low
Grade Stabilization Structures	High	Low	High	High	Low
Grass Waterway (w/or w/o Swale & Outlet Green	High	Low	Medium	Medium	Low
Grass-Lined Channels	High	Low	Medium	Medium	Low
Green Roofs	Low	Low	Medium	Medium	Low

Categories	Agriculture	Construction	Urban Runoff	Hydrologic Modification	Resource Extraction
Groundwater Recharge Area Protection	Low	Low	Low	Low	Low
Heavy Use Area Protection	Low	Low	Medium	Medium	Low
Holding Pond/Settling Basin	Low	Low	Low	Low	Low
Hypolimnetic Aeration	Low	---	Low	Low	---
Hypolimnetic Withdrawal	Low	---	Low	Low	---
Impoundment Structure	Low	Low	Low	Medium	Low
Infiltration Practices	High	Medium	High	High	Medium
Information/Education	High	High	High	High	High
Inlet Protection	High	Medium	High	High	Medium
Irrigation Water Management	Medium	Low	Low	Low	Low
Irrigation Water Management	Medium	Low	Low	Low	Low
Lagoons	Low	Low	Low	Low	Low
Land Application	Low	---	---	---	---
Land Grading	Medium	Low	Medium	High	Low
Land Reconstruction/Reclamation	Medium	Low	Medium	High	Low
Land Use Change	Low	Low	Low	Low	Low
Landscaping	Low	Low	Low	Low	Low
Leachate Collection Systems	Medium	Low	Low	Low	Low
Level Spreader	Medium	Low	Medium	High	Low
Liming	Low	---	High	---	---
Lined Waterway or Outlet	Medium	Low	Medium	High	Low
Livestock Exclusion	Medium	---	---	Medium	---
Livestock Shade Structure	Medium	---	---	Medium	---
Macrophyte Harvesting	---	---	---	Low	---
Mixing/Loading Pads	Low	Low	Low	Medium	Low
Monitoring	Medium	Low	Medium	Medium	Low
Mud/Dust Control	Low	Low	Low	Low	Low
Mulching	Low	Low	Low	Low	Low
Nutrient Management	Medium	---	Medium	---	---
Nutrient Management Plans	Medium	---	Medium	---	---
Oil and Grit Separator	Medium	Low	Medium	---	Low
On-Site Treatment System Correction	---	---	---	---	---
Open Channel Construction/Improvement	High	Medium	High	High	Medium
Open Gutter Systems	Low	Low	Low	---	---
Open Space Land Acquisition	Low	---	Low	Low	---

Categories	Agriculture	Construction	Urban Runoff	Hydrologic Modification	Resource Extraction
Outlet Protection	High	Medium	High	High	Medium
Outside Concrete Collection Systems	Low	---	Low	---	Low
Oxidation Ditch	Low	Low	Low	Low	Low
Pasture Protection	Medium	Low	---	Medium	Low
Pasture Rotation	Medium	---	---	---	---
Pasture/Hayland Management & Planting	Low	---	---	---	---
Paved Waterways	---	---	---	---	---
Pest Management	Low	---	Low	---	---
Pesticide Application Certification and Training	Low	---	Low	---	---
Phosphorus Inactivation	Medium	---	Medium	---	Low
Planned Grazing Systems	Medium	---	---	---	---
Planning/Administration	Medium	Medium	Medium	Medium	Medium
Pond	Low	---	Low	Low	---
Pond Sealing or Lining	Low	---	Low	Low	---
Porous Pavement	Low	---	Medium	Low	---
Portable Sediment Tank	---	---	---	---	---
Prairie Restoration	Medium	Low	High	Medium	Low
Prescribed Burning	Low	---	Low	Medium	Low
Protect Existing Vegetation	Medium	Low	Medium	Medium	Low
Rain Barrel	Low	---	Low	Medium	Low
Rain Garden	Low	---	Medium	Medium	Low
Recessed Street	---	---	---	---	---
Recreation Area Improvement	Low	---	Low	Low	---
Regeneration/Reforestation	Medium	---	Medium	High	Medium
Regulations	Medium	Medium	Medium	Medium	Medium
Replace Leaking Storage Tanks	Low	---	---	---	---
Reshape Banks/Sideslopes	High	Medium	High	High	Low
Retards & Jetties	Low	Low	Low	Medium	Low
Retention Basin	Medium	Medium	High	High	Medium
Revegetated Riparian Zone/Corridor	High	Medium	High	High	Medium
Rip Rap	Medium	Medium	High	High	Medium
Rock Barrier	Medium	Medium	High	High	Medium
Rock Outlet Protection	High	Medium	High	High	Medium
Roof Runoff Management	High	---	Medium	Medium	---
Runoff Control	High	Medium	High	High	Medium

Categories	Agriculture	Construction	Urban Runoff	Hydrologic Modification	Resource Extraction
Sand Filters	Medium	Low	High	Medium	Low
Sealing Bore Holes	Low	---	Low	Low	---
Sediment Oxidation	Medium	---	Medium	---	Low
Sediment Traps/Basins	High	Medium	High	Medium	Medium
Seeding	High	Medium	High	High	Medium
Shading and Sediment Covers	Low	Medium	Low	High	Medium
Silt Fence	Medium	Medium	Medium	Medium	Medium
Sinkhole Stabilization	Medium	Low	Medium	Medium	Low
Site Evaluation Requirements	High	Medium	High	High	Medium
Sodding	Low	Low	Medium	Medium	Low
Soil Testing/Nutrient Management	High	---	Medium	---	---
Spillway Restoration	---	---	---	Low	---
Spray Nozzle Refinements	Medium	---	Low	---	---
Stabilized Construction Entrance Stacking Area	Medium	Low	Low	Medium	Low
Stacking Area	Medium	Low	Low	Low	Low
Staging of Clearing, Grubbing, Scalping, Grading and Reclamation Activities	Low	Low	Low	Medium	Low
Stock Trails and Walkways	Low	---	Low	Medium	Low
Storm Drain Inlet Protection	---	---	Low	---	---
Straw Bale Dike	Low	---	Low	Low	---
Stream Channel Restoration	High	Medium	High	High	High
Stream Channel Stabilization	High	Medium	High	High	High
Streambank and Shoreline Protection/Stabilization	High	Medium	High	High	High
Street Sweeping	---	---	---	---	---
Strip Cropping (Contour)	Medium	---	---	Medium	---
Subsurface Drainage	Low	Low	Low	Medium	Low
Surface Drainage	Low	Low	Low	Low	Low
Sustainable Management Practices	High	Medium	High	High	Medium
Swale	High	Medium	High	High	Medium
Technical Assistance	Medium	Medium	Medium	Medium	Medium
Temporary Vegetative Cover	Low	Low	Low	Low	Low
Terraces	Medium	Low	Medium	High	Low
Topsoiling	Low	Low	Low	Low	Low
Toxic Salt Reduction	Medium	Medium	High	---	Low
Tree Planting	Medium	Medium	Medium	Medium	Medium
Trenches and Ponds	Low	Low	Low	Low	Low

Categories	Agriculture	Construction	Urban Runoff	Hydrologic Modification	Resource Extraction
Triple Rinsing Pesticide Containers	Low	---	---	---	---
Trough or Tank	Medium	---	---	Medium	---
Two Stage Ditch	High	Low	Medium	High	Medium
Underground Outlet	Medium	Low	High	High	Low
Urban Filter Strip	---	Medium	High	High	Low
Urban Stormwater Wetlands	---	Medium	High	High	Low
Vegetative Bank Stabilization	High	Medium	High	High	High
Vegetative Buffers	High	Medium	High	High	Medium
Vegetative Deflectors	High	Medium	High	High	Medium
Vegetative Filter Strips	High	Medium	High	High	Medium
Vegetative Management	High	Medium	High	High	Medium
Vegetative Protection/Soil Stabilization	High	Medium	High	High	Medium
Vegetative Removal	Low	Low	Medium	High	Low
Vegetative Stabilization	High	Medium	High	High	Medium
Vegetative Swale	High	Medium	High	High	Medium
Waste Application (Application on Land)	Low	---	---	---	---
Waste Management System	Medium	---	---	---	---
Waste Storage Lagoons/Ponds (various)	Medium	---	---	---	---
Waste Storage/Control Structures	Medium	---	---	---	---
Waste Water Recovery	Medium	---	---	---	---
Water Harvesting	Medium	Low	Medium	Medium	Low
Water Level Drawdown/Refilling	Medium	Low	Medium	Medium	Low
Water/Sediment Control Basins	High	Medium	Medium	High	Medium
Well Sealing	Low	Low	Low	Low	Low
Well Setback Zones	Low	Low	Low	Low	Low
Well Site Protection	Medium	Low	Medium	Medium	Medium
Wetland Acquisition	Low	Low	Low	Low	Low
Wetland Creation	High	Low	High	High	Low
Wetland Protection	High	Medium	High	High	Medium
Wetland Restoration	High	Medium	High	High	Medium
Wildlife Plantings	Medium	Low	Medium	Medium	Medium
Wildlife Upland Habitat Management	Medium	Low	Medium	Medium	Medium



<b>Categories</b>	<b>Agriculture</b>	<b>Construction</b>	<b>Urban Runoff</b>	<b>Hydrologic Modification</b>	<b>Resource Extraction</b>
Wildlife Wetland Habitat Management	Medium	Low	Medium	Medium	Medium
Willow Spikes	Medium	---	Medium	High	Medium
Windbreaks (Field, Farmstead, Feedlots)	Low	---	---	---	---
Winter Feed Station	Medium	---	---	Medium	---
Woodland and Pruning	Low	Low	Low	Low	Low
Woodland Improvement	High	Low	Medium	High	Low
Zoning	Low	Low	Low	Low	Low

## Appendix G: Principal Forgiveness

### A. Principal Forgiveness Distribution

Illinois adopted affordability criteria, effective April 1, 2016, in 35 Ill. Adm. Code Part 365 “Procedures for Issuing Loans from the Water Pollution Control Loan Program” to be used in providing principal forgiveness using funds from its 2015 Capitalization Grant. Affordability criteria, to be used in providing principal forgiveness using funds from its 2016 Capitalization Grant, and future Capitalization Grants, are currently going through the Loan Rules modification process and are anticipated to become effective during State FY2017. The affordability criteria adopted effective April 1, 2016, and the affordability criteria currently going through the Loan Rules modification process are detailed below.

### B. New Affordability Criteria

Based upon changes made in 2014 to the Clean Water Act (see Section 603 (i)(2)(A)), Illinois EPA is required to develop affordability criteria, and use that criteria to determine what loan recipients qualify for additional financial subsidy (*i.e.*, principal forgiveness). These criteria must include, at a minimum, “...income and unemployment data, population trends, and other data determined relevant by the State... .”

Illinois adopted affordability criteria, effective April 1, 2016, in 35 Ill. Adm. Code Part 365 “Procedures for Issuing Loans from the Water Pollution Control Loan Program” to be used in providing principal forgiveness using funds from its 2015 Capitalization Grant. Part 365.620 of the **current** Loan Rules detailing the affordability criteria is below:

#### Section 365.260 Principal Forgiveness

- a) When the Agency provides assistance to a public loan recipient using funds from its 2015 Capitalization Grant, the Agency shall, until the available principal forgiveness funding as established in the Capitalization Grant is exhausted, provide additional subsidization in the form of principal forgiveness to a public loan recipient to finance a project or activity eligible for assistance under 33 U.S.C §1383(c)(1) that meets the affordability criteria of subsection (b).
- b) Affordability Criteria:
  - 1) In order to qualify for principal forgiveness under subsection (a), a public loan recipient must meet the following requirements:
    - A) A service population of 15,000 or less;
    - B) The median household income of the public loan applicant’s service population is less than or equal to the Statewide MHI; and
    - C) Score at least 21 points based on the following criteria:

i) Median Household Income

<b>Points</b>	<b>MHI as % of Statewide MHI</b>
0	Above 100%
5	95 - 99.99%
10	90 - 94.99%
15	85 - 89.99%
20	80 - 84.99%
25	75 - 79.99%
30	70 - 74.99%
35	65 - 69.99%
40	60 - 64.99%
45	55 - 59.99%
50	50 - 54.99%
55	45 - 49.99%
60	0 - 44.99%

ii) Population

<b>Points</b>	<b>Population</b>
5	10,000 - 15,000
10	7,500 - 9,999
15	5,000 - 7,499
20	2,500 - 4,999
25	1,000 - 2,499
30	500 - 999
35	0 - 499

iii) Additional Criteria

<b>Points</b>	<b>Additional Criteria</b>
1	Unemployment rate is greater than the State's unemployment rate by one percentage point or more
4	Decrease in population between the 2000 and 2010 Federal Censuses

- 2) The amount of principal forgiveness under subsection (a) will be capped for qualifying public loan recipients and applied only to eligible projects costs as follows:

Points	Percent of Loan
0-20	0%
21-40	up to 15%
41-60	up to 30%
61-80	up to 45%
81-100	up to 60%

- c) Notwithstanding the principal forgiveness caps in subsection (b)(2), the Agency may establish a base cap applicable to each public loan recipient within its Intended Use Plan each year. The base cap shall be the same amount for each public loan recipient receiving principal forgiveness. In determining the base cap, the Agency must consider the following factors:
- 1) the amount of Federal appropriation allocated to the Agency for principal forgiveness;
  - 2) the number of qualifying public loan recipients;
  - 3) the availability of equity in the Fund while ensuring the fund operates in perpetuity; and
  - 4) requirements established by U.S. EPA (*e.g.*, any additional requirements U.S. EPA places on a particular year's Capitalization Grant).

Affordability criteria, to be used in providing principal forgiveness using funds from its 2016 Capitalization Grant, and future Capitalization Grants, are currently going through the Loan Rules modification process and are anticipated to become effective July 1, 2017. The **proposed** Part 365.620 of the Loan Rules detailing the affordability criteria is below:

### **Section 365.250 Principal Forgiveness**

- a) When the Agency provides assistance to a public loan recipient, the Agency shall, until the available principal forgiveness funding as established in the Capitalization Grant is exhausted, provide additional subsidization in the form of principal forgiveness to a public loan recipient to finance a project or activity eligible for assistance under 33 USC 1383(c)(1) that meets the affordability criteria of subsection (b).
- b) Affordability criteria:
- 1) In order to qualify for principal forgiveness under subsection (a), a public loan recipient must meet the following requirements:
    - A) A service population of 30,000 or less, unless the loan applicant's MHI is 70% or less the Statewide average;
    - B) The median household income of the public loan applicant's service population is less than or equal to the Statewide median household income; and
    - C) Score at least 21 points based on the following criteria:

i) Median Household Income

<b>Points</b>	<b>MHI as % of Statewide MHI</b>
0	Above 100%
5	95-99.99%
10	90-94.99%
15	85-89.99%
20	80-84.99%
25	75-79.99%
30	70-74.99%
35	65-69.99%
40	60-64.99%
45	55-59.99%
50	50-54.99%
55	45-49.99%
60	0-44.99%

ii) Population

<b>Points</b>	<b>Service Population</b>
5	20,000-30,000
10	15,000-19,999
15	10,000-14,999
20	5,000-9,999
25	2,000-4,999
30	1,000-1,999
35	0-999

iii) Additional Criteria

<b>Points</b>	<b>Additional Criteria</b>
1	Unemployment rate is greater than the statewide average unemployment rate by one percentage point or more
4	Decrease in service population greater than 5.0% in the last 5 years from the date of the loan application

- 2) The amount of principal forgiveness under subsection (a) will be capped for qualifying public loan recipients and applied only to eligible projects costs as follows:

<b>Points</b>	<b>Percent</b>
0-20	0%
21-40	up to 15%
41-60	up to 30%
61-80	up to 45%
81-100	up to 60%

- c) Notwithstanding the principal forgiveness caps in subsection (b)(2), the Agency may establish a base cap applicable to each public loan recipient within its Intended Use Plan each year. The base cap shall be the same amount for each public loan recipient receiving principal forgiveness. In determining the base cap, the Agency must consider the following factors:
- 1) The amount of Federal appropriation allocated to the Agency for principal forgiveness;
  - 2) The number of qualifying public loan recipients;
  - 3) The availability of equity in the State Water Revolving Fund while ensuring the fund operates in perpetuity; and
  - 4) Requirements established by U.S. EPA.
- d) The Agency shall award principal forgiveness to loan applicants in the order that loan applicants have been issued a loan by the Agency pursuant to Section 365.410.

## Appendix H: Summary of Clean Water Act Changes Enacted Through WRRDA

The Water Resources Reform and Development Act of 2014 (P.L. 113-121), better known as WRRDA, was signed into Law on June 10, 2014. Among many other items, WRRDA amends Title VI of the Clean Water Act, and creates several changes to the administration of the Clean Water State Revolving Funds (CWSRF).

A summary of the changes affecting the WPCLP is provided below, along with Illinois EPA's approach for dealing with these changes. The information is paraphrased below, with the applicable citation to the Sections of CWA Title VI in parentheses. For exact language, please refer to the applicable Section of the amended CWA.

### 1. Cost & Effectiveness Requirement

Beginning in Federal FY2016 (October 1, 2015), SRF recipients must certify that the project chosen is the most sustainable and cost-effective (Section 602(b)(13)). The recipient must also certify that they have selected, to the maximum extent practicable, the project that maximizes the potential for efficient water use, reuse, recapture, and energy conservation. If additional guidance becomes available from U.S. EPA regarding this provision, Illinois EPA will review that guidance, and may enhance our current process/procedure for ensuring compliance with this provision.

WPCLP funds can be made available only after determining that the applicant has submitted a Facilities Plan along with certification that the loan applicant has studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought. Using page 4 of Illinois EPA's Planning Submittal Checklist, loan applicants must certify that they have selected, to the maximum extent practicable, a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation taking into account the following: the cost of constructing the project or activity; the cost of operating and maintaining the project or activity over the life of the project or activity; and the cost of replacing the project or activity. The certification is signed by the applicant's authorized representative and the project engineer.

### 2. Quality-Based Selection Process for Architectural and Engineering (A/E) Contracts

Beginning with loan applications received after October 1, 2014, A/E contracts which are funded by Federal Capitalization Grant funds shall be negotiated in the same manner as a contract for A/E services under Chapter 11 of Title 40 of the United States Code, or an equivalent State qualifications-based requirement (33 U.S.C. Section 1382(b)(14)).

Illinois will meet this requirement through equivalency. A number of Illinois' repeat applicants choose not to borrow money for engineering services. In addition, several municipalities that annually borrow money for ongoing infrastructure projects routinely utilize a quality-based selection process when hiring an architectural or engineering firm. During any fiscal year, if loans issued to these two groups of borrowers have a total value exceeding the Capitalization Grant amount and qualify for Federal "equivalency" reporting purposes, all other projects will be relieved from the requirements contained in 602(b)(14).

Based on historical data, we believe our pool of borrowers that choose to pay engineering expenses with local funds will remain consistent. A significant percentage of our loan applicants currently utilize a qualification-based selection process for hiring consultants and will continue to do so.

Illinois EPA understands that there is no guarantee which communities will apply for loans in the future or when an entity will change their policies or procedures. All applicants and their consultants are informed the cost of engineering services may or may not be eligible to receive SRF funding unless a qualification-based selection process is utilized.

Loan applicants are required to certify how their A/E consultants were chosen to determine compliance with Section 602(b)(14) of the Federal Water Pollution Control Act prior to receiving a loan.

### 3. Expanded Eligibilities

The types of projects that are eligible for SRF assistance has been “expanded” (Section 603(c)(1-11)).

Previously, Clean Water SRF eligibility was “limited” to projects that qualified under Sections 212, 319, or 320 of the CWA. Through the years, many different types of projects (including the “newly” eligible projects) were funded under those Sections. However, through WRRDA, Congress decided to expressly expand the SRF eligible projects as follows:

- a) For publicly owned treatment works as defined in Section 212;
- b) For the implementation of a management plan under Section 319;
- c) For development and implementation of a conservation and management plan under Section 320;
- d) For the construction, repair, or replacement of decentralized wastewater treatment systems that treat municipal wastewater or domestic sewage;
- e) For measures to manage, reduce, treat, or recapture stormwater or subsurface drainage water;
- f) To any municipality or intermunicipal, interstate, or State agency for measures to reduce the demand for publicly owned treatment works capacity through water conservation, efficiency, or reuse;
- g) For the development and implementation of watershed projects;
- h) To any municipality or intermunicipal, interstate, or State agency for measures to reduce the energy consumption needs for publicly owned treatment works;
- i) For reusing or recycling wastewater, stormwater, or subsurface drainage water;
- j) For measures to increase the security of publicly owned treatment works; and
- k) To nonprofit entities to provide assistance to small and medium treatment works for planning and design and for compliance with the CWA.

### 30 Year Financing

Maximum loan terms have been extended from 20 years to 30 years (Section 603(d)(1)(A)). The Clean Water Act previously did not allow loan terms to exceed 20 years, but did allow for the purchase of debt obligations of up to 30 years. This latter provision was called “extended term financing”, however, Illinois was never approved to offer this feature. The WRRDA changes now allow a more straight-forward direct loan option with a term of up to 30 years. In order to implement direct loans with a 30 year term, the Illinois Rules must be revised.



4. Fiscal Sustainability Plans

A provision has been added that requires loan recipients to develop and implement a “fiscal sustainability plan (FSP)” (Section 603(d)(1)(E)). This requirement was effective for all loans whose applications are received after October 1, 2014. Illinois EPA is meeting this requirement by requiring that all applicable loan applicants sign a certification that they have or will prepare and implement a fiscal sustainability plan. Prior to final loan closing, recipients must certify they have prepared an FSP. Preparation of an FSP is standard condition No. 22 of all loan agreements.

6. Additional Subsidization

Additional subsidization has been made a permanent part of the CWA (Section 603(i)). The Federal Capitalization Grants from 2010 through 2014, approved by Congress through the Federal budget process, contained language which required the award of a certain amount of assistance in the form of additional subsidy. This feature had never been part of the CWA, but was instead a year-to-year directive of Congress that was included in the budget bill. Through the changes included in WRRDA, language has now been permanently included in the CWA which describes the conditions and limitations of the award of additional subsidy. In addition, the WRRDA changes direct the State to establish affordability criteria no later than September 30, 2015. Illinois EPA has met this requirement by developing and implementing the affordability criteria as described in Appendix G.

7. American Iron and Steel Requirements

Inclusion of the requirement for American iron and steel (AIS) in the Clean Water Act (Section 608). AIS was a requirement that was included in the Continuing Appropriations Act of 2014. This requirement is now a permanent part of the CWA. The definitions, applications, and processes of AIS as included in the CWA are essentially the same as the AIS requirement that was included in the Continuing Appropriations Act of 2014. Standard Condition No. 18 of all loan agreements obligates the applicant to comply with the AIS requirements.

8. Davis-Bacon Wage Rates

The CWA amendments (Section 602(b)(6)) enacted through WRRDA permanently applies the prevailing wage (Davis-Bacon) provision of CWA Section 513 to any projects for treatment works that are funded through the WPCLP. The application of the Davis-Bacon requirements extends not only to assistance agreements funded with Capitalization Grants, but to all CWSRF-funded projects involving the construction of treatment works regardless of the source of funding. Use of the Davis-Bacon wage provisions are Standard Condition No. 17 of all loan agreements. Illinois has been requiring Davis-Bacon wage rates provisions since ARRA.

9. Use of Generally Accepted Accounting Principles (GAAP) Accounting

The CWA has always required that CWSRF recipients maintain project accounts in accordance with generally accepted government accounting standards. The CWA amendments enacted through WRRDA added language for this to include “standards relating to the reporting of infrastructure assets.” This provision is consistent with the Governmental Accounting Standards Board Statement No. 34 (GASB 34), which was issued in 1999. Most Illinois communities should already be following this requirement in their accounting standards.

## **Appendix I: Summary of Public Participation and Public Comments**